	NAME	DO YOU WISH TO SPEAK?
1 /	Representation Town Kowalks	455
	tom NOYES	yes
V	M. MARC W5755	785
	Hugh Aller	Je s
V	BRIAN KRAMER	100
	LISA PERTZOFF	YES
V	NANCY SEDMAK-WEISS	485
V	Monu Honnis	YES.
L	Nancy Feichfl (FIKE-TUL)	405
7	Javid O. Rick and	yes
V	NICK DIPASQUALE	YES
	Kim Furtado	yes
	WILLIAM ZAK	YES
し	Louise White	Yes

NAME	DO YOU WISH TO SPEAK?
Gov filessell Percuson	Yes
Chad Tolman	Yes
Chad Tolman  TACK MARKETT	yes

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Ped Wing, MW 55066
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Overland vedwing, not
Www. Legaloctro. org

TO: PSC COMMISSION AND AGENCIES

FROM: LEAGUE OF WOMEN VOTERS OF DELAWARE RASHMI RANGAN, PRESIDENT

LISA PERTZOFF, VICE PRESIDENT

RE: COMMENTS ON PSC STAFF REPORT AND IC REPORT

The PSC and agencies have received the LWVD comments so as the League's spokesperson, I should like to offer just a summary.

The League believes that negotiations should be brought to a successful conclusion as quickly as possible and that Delaware should move forward with a contract for offshore wind power. Wind power will provide the State with clean energy that does not have detrimental health and environmental costs. Wind power will provide needed price stability.

Only by doing this, will Delaware be able to meet its renewable energy commitments.

There is no time for further delay with lawsuits and other stonewalling tactics; delay means extra costs. It is time to move forward, not backward.

Thank you.

# LEAGUE OF WOMEN VOTERS OF DELAWARE 2400 W. 17<sup>TH</sup> STREET, CLASH WING, ROOM 1, LOWER LEVEL WILMINGTON, DE 19806-1311

November 10, 2007

TO: MEMBERS OF THE PUBLIC SERVICE COMMISSION AND

**AGENCIES** 

Karen.Nickerson@state.de.us

Jennifer.Davis@state.de.us

Charlie.Smisson@state.de.us

John.Hughes@state.de.us

Russell.Larson@state.de.us

FROM: RASHMI RANGAN, PRESIDENT

LISA PERTZOFF, VICE PRESIDENT & NR CHAIR

rashmi@dcrac.org, wolfhill@comcast.net

**RE:** COMMENTS ON PSC STAFF REPORT

The League of Women Voters of Delaware is very disappointed with the Public Service Commission's October 29, 2007 Staff report on the results of negotiations for a new offshore wind farm and a backup gas plant. We are also concerned that the Staff report does not appear to reflect accurately the more detailed information in the Independent Consultant's (IC) report, in that it emphasizes the negative aspects of the wind power proposal rather than presenting a balanced interpretation. We believe that rejection of the proposal at this time is not in the best interests of the citizens of Delaware, and we urge all the parties involved to continue negotiations to a successful conclusion.

We are perplexed by Staff's assertion that negotiations were expected to result in a lower price. It was well known that the price of power from the wind farm was highly dependent upon the size of the project. When the PSC ordered that the amount of power Delmarva would be obligated to purchase was to be reduced by at least 25% from the original bid, a higher price per MWh was almost guaranteed. This was pointed out in

public statements at the time by Bluewater and others. While the claim that the delay in the timetable has escalated costs is accurate, it is also true that much of the delay resulted from the protracted evaluation and negotiation process. The 2.5% inflation factor remains unchanged from the original bid, and seems reasonable. If it is an important issue, why wasn't it raised previously? We agree with the Staff that the adjustment factors related to commodity prices and currency exchange rates, and the fact that costs associated with these adjustments can go up but not down, are not acceptable. This approach is not normal business practice; nor does it appear to be in the spirit of shared risk common to new business ventures. The IC Report (page 50) makes a number of suggestions as to how to approach these price adjustment issues. Why have possible solutions been omitted from the Staff report? Since the issuance of the Staff report, Bluewater has agreed to eliminate the commodity price escalator. This seems to remove the primary concern of both the IC Report and the Staff report.

The accuracy of projected future market rates for power from the PJM grid is a critical factor in making any meaningful decision on the wind farm, since that is the basis of comparison for the proposed project. It has been our position from the start that these costs are being greatly underestimated in the process being used. In the original bid, this underestimation played a large part in leading to the illogical conclusion that the best way to prevent huge future increases in electricity costs was to build another gas-fired plant (i.e., the Conectiv bid was ranked highest). It is ironic that unanticipated, rapidly escalating increases in natural gas prices were a major factor in the sudden, large rate increases that precipitated passage of HB6 in the first place. There is every reason to believe that the price of fossil fuels, as well as the costs of their associated carbon dioxide emissions, will continue to increase dramatically in future.

The LWV is unsure exactly what values were used for fuel and CO<sub>2</sub> costs, but the chart on page 37 of the IC's report clearly demonstrates the striking effect that assumptions used to determine market price can have on evaluating the economic viability of the wind project. Any objectively derived risk assessment requires projected ratepayer costs of both proceeding with the project and failing to proceed with it. Such assessment should be undertaken using assumptions representing comparable degrees of probability, and must include all relevant factors in each estimate. That was not done in

the present case. Thus, although a worst-case cost scenario has been presented for the wind farm, there has been no worst-case analysis carried out for failure to proceed with the project. It is our view that the above referenced "high fuel" scenario (page 37) does not approach a worst-case scenario.

Finally, continuing to bolster its case against proceeding with the Delaware project, Staff cites the rejection of two offshore wind projects (New York and Texas) due to concerns about high costs and project reliability. This was well known before negotiations began, and more importantly, is irrelevant. The Delaware project needs to be evaluated on its own merits. If Staff wishes to pursue this line of reasoning, then an accounting is in order of other projects in various stages of planning in the United States, and must also include all operating and planned offshore wind projects in Europe.

The report has failed to include any meaningful cost/benefits analysis regarding the impact of the final decision on health and environmental costs. In this respect not only has it virtually ignored the potential benefits of the proposed wind farm, it has equally failed to account for the costs of continued use of fossil fuels as applied to damage both to human health and the environment from pollution and climate change. We do not understand the rationale for this failure that appears on page 40 of the IC's Report: "Consistent with the RFP standards and industry practice, we have not attempted to identify or quantify health impacts or local air pollution impacts of the proposals." The obvious question is, why? These issues and global warming concerns are crucial to the decision and must not be ignored. They have been at the forefront of much of the public testimony and the concern of various elected officials, as well as in the enabling legislation. For example, Insurance Commissioner Denn has requested that the PSC take the impact of the project on health costs into consideration. We would suggest that it is the PSC's responsibility to consider all the ramifications of its decision on the health and welfare of Delaware's citizens.

In the report, the Staff states that it continues to believe that a new power generation source located in Southern Delaware is needed, particularly in light of the planned retirement of two Indian River generating units. If the wind farm is not approved, how will this need be met? Is Staff suggesting that a new coal or gas-fired generating unit be constructed?

We agree with the Staff that a portfolio approach to energy planning is appropriate. As part of that approach, it is certainly worthwhile to consider the IC's suggestion that Delaware supplement its energy supply by purchased onshore wind power. However, this is unlikely to be a satisfactory long-term solution. First of all, according to the IC's report, land-based wind power costs are rising rapidly, at least 10% since earlier this year, for basically the same reasons that the Delaware offshore wind project was criticized. As studies have shown, Delaware lacks the necessary onshore wind resources to make any significant impact, meaning that out of state purchases will be required. Most states are implementing increasingly strict renewable energy requirements. Where is all this renewable energy going to come from? Concern about future land use issues related to onshore wind power is one of the drivers for the increasing interest in offshore wind power.

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The League of Women Voters of Delaware feels strongly that it is in the best economic, public health, and environmental interests of all the citizens of Delaware to decrease significantly our dependence on fossil fuel based electricity regardless of whether it is generated in Delaware or elsewhere. We strongly favor a combination of energy conservation and the shift to renewable sources to replace energy from old, polluting coal-fired plants as they are retired. Utility scale wind is the lowest cost and most commercially advanced renewable energy source available. The offshore wind farm proposal presents Delaware with a unique opportunity. We urge the PSC and other state agencies to continue to work diligently until an acceptable agreement is negotiated.

Thank you for this opportunity to submit our statement.

11/20/07 HEARING BEFORE STATE AGENCIES

Madame Chair, Members of the Commission, Representatives of the State Agencies and Staff, my name is Tom McGonigle with the law firm Wolf Block, representing Bluewater Wind. You have all received our filing dated November 6th and I am not going to reiterate all the points made in that filing but rather I want to mention a few points, respond to some of the reaction to that filing and talk about potential next steps.

The Staff Report was critical of the Bluewater/Delmarva term sheet, in particular the inclusion of escalators to be triggered in the case of rising commodities and currency exchange rate differences. The Staff Report ran a number of scenarios, including the worst case scenario, as it should have, and concluded the escalator provisions presented too much risk for ratepayers. Bluewater had not looked at the escalator cost it that way - - we assessed the risk as not significant based on our view of the commodities market and exchange rates - - but we sought to protect against that risk nonetheless.

When we read the Staff Report, we recognized that we had made a mistake. And we moved to promptly fix it. It's that straightforward:

The result being that our price is now only \$6.76 over market, based on the State's Independent Consultant's analysis. Our consultant actually predicts that ratepayers will save money and NRG's recent filing suggests the price could come down even further. But worst case, we are talking about \$6.76 a month more for the average ratepayer -- we think that is a small price to pay for clean, renewable and stable-priced energy.

Chart shows the price increase relative to a stable-priced increase relative to a stable-priced increase relative.

Since our filing, there has been quite a response. Most has been positive, including letters from ACORN, various statewide officials and/or candidates for state-wide office and most importantly hundreds of grassroots citizens who have taken time out of their busy lives to weigh in on this critical issue. From our friends from Delmarva - - not so positive. Let me address that.

There was a lot of talk in Delmarva's filing about Bluewater's "allegations of bad faith against Delmarva". Let me be clear, WE NEVER USED THOSE WORDS. The reason being, we do not believe Delmarva negotiated in bad faith. Here's why.

Delmarva has made it clear since this RFP process began that they disagree with this process, that they are against it and that they seek to shut it down. Delmarva does not like this process because it empowers you – the 4 State Agencies — to direct them to do something they do not want to do. There is no lack of clarity on this point. The record is replete with examples of this — before, during and after the negotiations. So the fact that they did things during the negotiations in an effort to shut this process down — I do not call that "bad faith" — I call it "being consistent".

But that's okay, because what they did do is work hard in the negotiations and, as a result, we have a term sheet that has the benefit of their very significant input. They may be against it - - but they had plenty of input. In the words of Mick Jagger, "you can't always get what you want, but if you try sometimes, well, you just might find, you get what you need". That is what we have here.

We now read and hear about Delmarva's benefits of wind-power, in the form of on-shore wind from out-of-state. We see this as the State Agencies into the IRP process, by shutting down this RFP process. Keep in mind, the RFP process calls for new generation in Delaware, so this out-of-state wind would have to come as part of the IRP process. As we discussed in our filing, the IRP process does not empower the State Agencies to direct Delmarva to do anything but submit a plan. In our submission, I cited to the statute and the testimony of your counsel, Jim Geddes, at the May 8th hearing. Over the weekend, I reviewed the tapes from the debates on House Bill 6 and found this exchange concerning the IRP from the April 5, 2006 Senate Energy Committee:

Senator McDowell: "They [Delmarva] have to do a plan but they don't have to follow it, it is a may follow. Is that correct?"

Bruce Burcat: "That is my understanding of the way the language is written."

Senator McDowell: "That is the way its supposed to be and I hope it is."

Again, if you shut this process down in favor of the IRP, you have given up your authority to require Delmarva to do anything.

Now,

A Some have taken this back and forth between Delmarva and Bluewater to suggest that the process has not worked and we should therefore stop it.

The reality is the process worked about as well as anyone could have hoped for. We got a lot accomplished and most importantly, we are just about to a point where you, the State Agencies, can soon make a decision.

INSERT RIDERS IF NEED BE

So here is where we are: Bluewater has asked to negotiate directly with Staff and the IC. The request is based on this: we want to be sure we address all the concerns of Staff and the IC *directly*. Now, if the Staff, the IC and the State Agencies are comfortable in concept with the Term Sheet, as modified by our 11/6/07 submission and the IC Report, that is probably not necessary. In that case, we simply need to move onto the PPA with Delmarva as a drafting exercise.

Let me caution you however, if that is the direction you decide, it is critically important that this be a DRAFTING exercise NOT a RE-NEGOTIATION. We will need crystal clear clarity on that point, with Professor Hamermesh specifically empowered to ensure that this drafting effort does not morph into a re-negotiation.

In closing, I leave you with this. You are very much faced with an historic opportunity to do something incredibly positive for the ratepayers, the environment, the health of generations to come and the image and economy of our State. This process you have created and embraced has captured the attention and the engagement of the public in a way I have never witnessed before. This is a good thing, a very good thing. I realize this has been a long, long and sometimes bumpy road - - I'm sure folks are tired. Staff is probably is tired, we are all tired. But we are very close and I suggest to you that if we succumb to the fatigue and shut this process down - when we wake up rested ... we will quickly realize we made a big mistake .... That we missed this historic opportunity for our State: stable-priced, clean, renewable energy.

Thank you for the opportunity to present these remarks.

This discussion can be addressed from two district perspectives. One would be the mandate and intentions of HB 6 and the other would be the public interest and economic consequences on the electricity consumers in Delaware.

Couching the argument in context of the best interest of the consumers has led some, including myself, to question the sincerity of Delaware and the authenticity of its presentation of numbers to this body and the public. Therefore, as an outspoken critic of Delmarva in that context, I wish to inform this commission and the agencies of the legitimacy of my perspectives.

In the interest of full disclosure, it seems logical to recount my ongoing involvement with Delmarva Power since my submissions to the PSC may be construed as implying negotiations not in good faith.

As long ago as September 2005, I sat on the Delmarva Community Advisory Council and worked on energy issues as it related to consumer costs and for more than a year prior to that time. It was rare to encounter Delmarva speaking in the sole interests of its customers when it adversely affected DP&L's bottom line and that attitude has persisted through huge rate increases, resistance to any attempts at price stability or defacto regulation of energy generating capacities that HB 6 proposed and into the present debate. In fact, on numerous occasions DP&L made it quite clear that it would not consider what was best for its consumers if corporate profits of itself, its sister company, Connectiv, or their parent company Pepco Holdings was at risk. When I asked if the 27% Natural Gas rate increase that took effect during the winter of 2005 could be recalculated after the effects of the Katrina disaster on the price of Natural Gas was mitigated, I was told that would be recalculated the following year if necessary. When I requested in February 2006 that adjustments be made to the Natural Gas rates such as the Mass. PSC mandated in requiring a 14% rate decrease (from a similar 26% increase as De. had) due to an abnormally mild winter to relieve the effect of the impending electric rate increase the consumers' interest was denied. When I asked that DP&L's bidding solicitation process, taking place in January of 2006, for electric generation be postponed until the abnormally influenced commodities market place was settled, I was again rebuffed. Therefore, it seems rather suspicious that Delmarva Power has suddenly seen the light while making the light unaffordable for its constituency all this time.

Delmarva Power insists that it be permitted to purchase alternative energy via land based wind, from the open market while conveniently failing to mention that today's entire stock of wind power available amounts to 362 MW for the whole regional PJM market, far less than 450 MW that will be generated by the offshore BWW project. Specific to Delaware, Delmarva refuses to acknowledge what any sane evaluator of the commodity market would conclude that in fact fossil fuel prices such as coal and natural gas will continue to accelerate growing the rate of energy costs to the standard service customer that would most likely outstrip the stable cost of the BWW project even before the Wind Farm is up and running and the bills are due. The duplicity and falsehoods in the arguments couched by Delmarva is a continuation of a self-serving string of attempts of interfere with a process set in motion by HB 6 which DP&L supported – Testimony of

House, March 29, 2006 – In fact, with the exception of some of the items in the phase-in legislation, we have no substantive issues with any of the other proposed bills. Broadly speaking, we are supportive of the goals of the other legislation. "PPLL"

In fact, it is mandated by the HB 6 that these negotiations continue under current guidelines of that law.

To stabilize long-term pricing in the DP&L service territory, the Act provides for a request for proposals through a competitive process to build cost-effective merchant generation in the State, to be utilized to serve some of the load requirements of DP&L.

Filename: Rep Kowalko re: DP&L

November 30, 2007

## Public Service Commission Hearing on Delaware's Energy Future Statement by Governor Russ W. Peterson November 20, 2007

Madam Chair, Commissioners, and agency representatives, thank you for the opportunity to appear before you today to speak on behalf of Delaware's and our planet's energy future. I have dedicated the better half of my career to protecting our global environment and to the extent that I have been successful, I consider that my legacy. We Delawareans can take pride in the contribution we have made, such as the law to protect Delaware's coastal areas from destructive impacts of heavy industrialization and offshore loading facilities. We fought off the naysayers then and made a commitment to protect our natural heritage for future generations, and have reaped the benefits ever since.

The decisions you four agencies now make in shaping Delaware's energy future will be part of your legacy, and Delaware's legacy. Now is the time for Delaware to face up to the serious threat of global warming by embracing a form of electric generation that does not use the fossil fuels that cause it. You have the opportunity to make Delaware the first state in the nation to generate clean energy from an offshore wind park.

The wind is a free fuel – it transports itself – it doesn't cause global warming – it does not, like the fossil fuels, emit effluents that poison us – it promises electricity at a stable price – it will not be subject to the carbon tax that will very likely and appropriately be applied to fossil fuels – and the technology for using the wind has been well established.

So, why not use it? The large investment in building and installing the wind turbines and transmission lines is high, and will result in a small premium for the electricity produced. The consultant's report estimates about \$1.60 per week for an average size house, the price of one half-gallon of gasoline. When a carbon tax is eventually applied to fossil fuels, the premium for wind will be much lower.

You four state agencies earlier blessed the Bluewater Wind proposal and asked Delmarva to negotiate with them. These negotiations have been less than successful. Delmarva Power has wildly exaggerated the premium for wind. She needs to get away from her love affair with fossil fuels and provide some leadership toward reducing the super-serious threat of global warming. I encourage you to do all you can to find common ground here.

A wave of concern about global warming and of resolve to do something about it is now growing and spreading all over the world. Just this past weekend the United

Thomas Noyes Comments to the Public Service Commission November 20, 2007

I am here to urge the PSC and other agencies to exercise their authority to see to it that the negotiations between Delmarva Power and Bluewater Wind continue until a successful conclusion has been achieved.

The environmental and health benefits of wind power are self evident. We in Delaware are particularly vulnerable to the potential effects of climate change and need to act to ameliorate the effects in order prevent rising sea levels. Our citizens need relief from continuing toxic emissions from burning fossil fuels.

The economic benefits of a long term Power Purchase Agreement are the subject of considerable dispute and deserve careful review. We need the long term price stability, mandated by EURCSA, that a wind farm could provide as part of our energy portfolio.

This assertion that we can't afford the Bluewater Wind proposal is based on two crucial and fatally flawed assumptions: First, that fossil fuel prices will not increase significantly over the next thirty years, and second, that the Bluewater proposal contains hidden costs and risks that ratepayers would somehow bear.

The energy price projections presented by the federal Energy Information Administration (EIA), and used in the analysis of the energy options on the table, are simply not credible. The EIA projects that natural gas prices will remain flat in today's dollars for the next 20 years. It is worth noting that the EIA made essentially the same prediction ten years ago. Instead natural gas prices tripled.

The Independent Consultant's analysis does not present the full price risk we are likely to face in the next 30 years. The International Energy Agency (IEA), in its World Energy Outlook, projects that overall energy demand will increase by 55 percent by the year 2030 (www.worldenergyoutlook.org/). The IEA projects that demand for natural gas will match overall energy demand, and that demand for coal power will increase 73 percent by 2030. At the same time, the need for carbon emission controls will increase the cost of coal power by at least 20 percent, according to an MIT study ("The Future of Coal," p. 30, http://web.mit.edu/coal/). Taken together, increased demand, limited supply and the need for further controls on carbon emissions can only mean sharply higher prices.

As for buying renewable energy on the market, it seems increasingly likely that supply could lag demand for the foreseeable future. Delaware isn't the only state to adopt renewable energy portfolio standards. Delaware's portfolio standard calls for penalties if Delmarva fails to meet the standard. If we don't act, we could either pay that penalty or be forced to pay a premium for scarce renewable energy.

Those who argue against a long term agreement to provide wind power to Delaware claim we can't afford the risk. But the term sheet now on the table does not present us as ratepayers with additional risk. Instead it presents us with the opportunity to add a significant measure of price stability to our energy portfolio.

If we are to take advantage of this opportunity, we must insist on vigorous negotiations in order to create the best terms for ratepayers. The PSC staff performed a public service by identifying the risk involved in proposed construction cost escalators. In turn, Bluewater Wind responded by taking this risk off the table. Negotiations work when both sides are engaged in testing assumptions and performing what-if analyses to ensure the best possible deal is achieved. I see this example as a compelling argument for continuing negotiations, and further, for encouraging our state agencies to take a more active hand in ensuring a positive outcome.

Curiously, Delmarva Power's consultant, PACE has issued a report that asserts that the commodity risk that Bluewater had taken off the table somehow remains a burden for ratepayers. This assertion, found on page 3 of the report, deserves closer scrutiny:

Exhibit 2 demonstrates that even if the escalators were removed the SOS customer is bearing potentially \$143.92/MWhr in credit risk. Contractually, the Bluewater risk profile cannot be changed by elimination of the pricing escalator language which would only shift the escalator price risk into other types of risk, which may not be capable of being hedged. By removing the pricing escalators the SOS customer, through Delmarva, would need to hedge Bluewater credit exposure through the use of Credit Default protection.

Let me try to make sense out of this not particularly transparent passage. (First, the exhibit doesn't demonstrate anything; it just presents a result.) Bluewater takes the commodity price risk off the table, but through some act of prestidigitation, there it is! It must be that dead hand the economists like to talk about. And not only is the risk still there on the table, we can quantify it: \$143.92/MWhr. Now how did commodity risk transform itself into credit default risk? How would we as ratepayers end up as creditors? The PACE report explains:

Removing price escalators without strong credit protections imposes severe rate instability upon the SOS customer, as Bluewater is carrying risk far above its capacity, and potentially well in excess of its base energy cost.

There you have it. The Bluewater proposal includes this big extra cost of \$143.92/MWhr. It's not there in the term sheet. But Delmarva's consultant says it's still there. The dead hand is quicker than the eye. How that result is achieved is, as Jeremy Firestone dryly observed, "not particularly clear."

Bluewater takes the commodity price risk off the table, but through some act of financial prestidigitation, there it is, and can be quantified: \$143.92/MWhr. How did a commodity risk transform itself into a credit default risk, and one that can be measured so precisely?

According to the PACE report, Delmarva is going to arrange for us as ratepayers to take out "Credit Default protection" for Bluewater Wind and its parent company, Babcock & Brown. And the report already includes a calculation of the cost of that risk price down to the penny: \$143.92 cents per MWh to hedge Bluewater's credit exposure.

But isn't that what investors are for? Aren't rational investors expected to recognize and account for credit risks? Such risks are generally valued by through mechanisms such as credit ratings and by buyers and sellers in investment markets. Yet the PACE report is unclear as to the mechanism by which ratepayers would take on credit risk, and offers no specifics as to how this risk might be determined by the market, let alone calculated to five decimal places. This murky analysis is central to the report's assertion that we can't afford wind power.

While the assertion that we as ratepayers somehow would take on credit default risk on behalf of Bluewater's investors may be murky, the risk we face of continually climbing energy prices is all too evident. The proposed PPA with Bluewater would satisfy EURCSA's crucial requirement of price stability by locking in a source of renewable energy with a fixed price for 25 years. No alternative suggested by Delmarva would meet the objective of creating a Delaware based source of renewable energy and provide the price stability called for by EURCSA.

Delmarva Power's position on wind power seems to be, We're for renewable energy, just not here and now. Not here means not here in Delaware. Not now means let's scrap the RFP negotiations and start the whole process over without the requirement that Delmarva actually make a long term commitment to buy renewable energy.

Those who oppose the wind power proposal would in effect be making an enormous bet on our behalf—a bet using our money. They are betting that fossil fuel prices will remain flat for the next thirty years. It's a bad bet. We are holding a potentially winning hand. We must not allow opponents of wind power to force us to fold that winning hand and lose the chance to bring a measure of price stability to our electricity bills for years to come.

Thomas Noyes 1903 Relaware Ave. #1 Wilmington DE 19806 Over a year and a half ago House Bill 6 was passed by the Delaware General Assembly. The intended or unintended consequences of its passage gave birth to a new and lively debate on alternative energy generation capacities and de-facto contractual regulation of those capacities in Delaware. During that time hundreds of thousands of taxpayer dollars and millions of dollars in costs have been incurred during the bid and review process that was delegated to the Public Service Commission by HB6. One bidder, Bluewater Wind LLC, stepped forward with a bold and innovative proposal to build a large offshore wind farm that would add clean, renewable, price-stable energy to Delaware's portfolio. After a thoughtful and responsible series of discussions and hearings this company was declared a winner in the process. Public support for offshore wind has been overwhelmingly positive throughout this time, but the mandates of HB6.

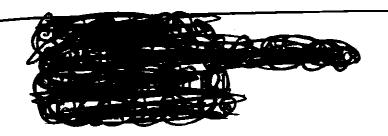
the process further. It would effectively delay and perhaps subvert the progress toward viable, price stable, clean alternative energy generation in Delaware. One should ask if anyone has thought of the consequences and impact of continued delays on Bluewater Wind, an entrepreneurial company of private investors, who want to bring jobs and economic opportunity to Delaware and on the business reputation of Delaware, and the state's ability to attract more investors and more jobs to Delaware.

Business operates on principles of profitability, growth potential and stability of the resource environment. What is the message our state will be sending to Wall Street and to companies in general if we wrest away the established authority of the Public Service Commission. The authority that was given them to promptly conclude the bid approval stage and final negotiations.

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distortion of the timeline set forth by that piece of legislation which could cause irreparable harm to the economic interests of the consumers and the state. Such propositions carry real world financial consequences for the companies involved in this process, and to their investors and business partners. Will Delaware encourage new business ventures and investments by keeping its commitments to the RFP, honoring the schedule set forth months ago by the Public Service Commission or will special interests succeed in subverting this unprecedented opportunity to lead the country? Shouldn't we move forward without delay to finalize a contract that would bring millions of dollars to Delaware in revenue, jobs, environmental cost savings and improved health for all Delawareans?

Our basic responsibility now should be to evaluate the report of the PSC staff and Independent Consultant and allow a decision that is consistent with the objectives of HB6 and in the best interests of the citizens of Delaware.





Celegy

# There is a "Green Energy" option that is significantly cheaper than the wind farms

In 2004 UEK Delaware proposed placing one turbine in the Indian River Inlet to show two things. (1) that the units would not become another fishing obstacle and (2) that the units would be benign to the fisheries and the surrounding environment.

Our turbine's blades turn at a speed of 56 RPM, not fast enough to grind up fish. We place a ¾ "slatted screen on the equipment to divert most fish. A bubble screen is created when the turbines are running. The blades are also angled to flush anything that enters toward the center and out rather than toward the housing, thus eliminating any abrasion problems.

The Inlet is now over 45' deep. This is 3 times the original depth. I therefore don't see how our turbines would adversely affect the flushing of the bays or the migration of the fish. Water flows through the units. They are not flow constricting devices. The equipment would be 18' below the surface and not a navigational hazard.

The great thing about tidal units is the fact that we can predict, with certainty, when we will be able to generate electricity for years in advance. Our equipment is less expensive and the installation costs would be enormously lower than the wind farm.

There is enough kinetic energy in the Inlet to generate up to 300 Mws; and the tides would produce power over 56% of the time.

When we were looking at creating a power plant at the Inlet in 2004, a proposed 10 Mw park would have produced a substantial bottom line; and we were only going to get 4.5 cents per Kw from Old Dominion Electric of Glen Allen, Va.

Verdant Power's East River Project offers some insight into the potential of this energy recovery system since the main players are previous employees of UEK and are utilizing dated technology. Hopefully their fish monitoring study will be helpful in acquiring future tidal permits.

Power plants have outflows that beg to be used. Indian River's plant could produce over 400,000 Kws and the wasted kinetic energy from Salem I could generate over 100 Mws of electricity.

If this project, along with the potential of Instream Energy were to happen, UEK Corp. will allow UEK Delaware to build and run the assembly plant for the world in Delaware. This would create over 200 new, high paying jobs.

Please check out our websites – <u>www.uekus.com</u> and <u>www.instreamenergy.com</u> and to contact me call (302)539-9034 / Fax (302)537-2372 / e-mail dorickards@aol.com.

Good movening.

I am here to day representing the \_\_\_\_\_\_
members of Delavore's Builday Trades who
are criticans and energy consumers— as well as
representatives of thousands of Delavore's worting
femilies.

My comments are brief - my members sixt the State Agencies to continue negotistans between Ble Weta Wind and Delmarva - with granta State orasight and involvement - in order to obtain class wind energy In this State and to allow our mambers to build those wind tubine. Additionally, we endorse NAG as the praider of the "bootyp" gas plant, to be lasted at A Indian River site regain allowing our manhas to build that boulds, to retain union jobs at that plant and to help imprave the environmentally sound peration of the Indian River Plant.

Continued regotistics with The Works Wind and proceeding with MOD as the "book up" to that wind farm on the sense.

The State and it's people - and the Building Trade's members - con only benefit.

Thank you.

#### **DRAFTI OF COMMENTS AT THE PSC HEARING OF NOV. 20, 2007**

By Chad Tolman, Energy Chair, DE Chapter of the Sierra Club

Chairwoman McRae and Distinguished Commissioners, A Representatives

This is a historic moment for the Public Service Commission, the other three state agencies, and for the people of Delaware, who have spoken loudly and clearly about their desire for a clean energy future. Faced with the multiple threats of unstable fuel supplies, global warming, and pollution caused by burning fossil fuels, the people want a clean, healthy environment in which their children and grandchildren can thrive. Energy conservation is absolutely necessary, but it is not enough. Delaware is blessed with a magnificent clean natural renewable energy resource just a few miles offshore, waiting to be tapped for the benefit of our citizens. Business-as-usual is a recipe for disaster for both the natural world and human societies.

Make the right decision for the sake of our children and grandchildren. They will thank you for your vision and your courage.



# WE NEED WIND POWER IN DELAWARE. LET'S BE THE FIRST STATE TO PREVENT GLOBAL WARMING BY PRODUCING OFFSHORE WIND ENERGY.

## MAKE YOUR VOICE HEARD NOW!

Delaware can become the first state to build offshore wind power.

Opponents of wind energy want to stop the Bluewater Wind project.

Tell our State Government we want them to complete the agreement with BUNEWATER now and make offshore wind power a reality in Delaware.

Here's why we need wind energy in Delaware:

The Bluewater offshore wind power project will produce 13 percent of Delaware's electricity. This energy is clean, safe, independent, non-polluting, non-greenhouse gas emitting, economically stable, cost-efficient, and very dependable over the long-term. Generating offshore wind energy will help prevent the tragedy of global warming climate Change mand keep our coastal and waterfront areas from being flooded and destroyed. We won't need to go to war or pay \$95 per barrel for wind power. It will save Delaware citizens \$750 million on health care costs currently caused by pollution from burning fossil fuels.

> Show your support for offshore wind energy in Delaware by attending the crucial meeting of the Public Service Commission this Tuesday, November 20th, starting at 10 am at Legislative Hall in Dover. Please try to arrive by 9 am to ensure good seating.

> Tell the PSC, the Controller General's Office, the Office of Management and Budget, the Department of Natural Resources, Governor Ruth Ann Minner, the Delaware Legislature, and all other State Government agencies and officials to complete the agreement with Bluewater Wind now!